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Message Text

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ACTION NEA-10

INFO OCT-01 EUR-12 ISO-00 CIAE-00 DODE-00 PM-05 H-01
INR-10 L-03 NSAE-00 NSC-05 PA-01 SP-02 SS-15
ICA-11 IO-13 EB-08 AID-05 TRSE-00 OMB-01 OES-07
ACDA-12 COME-00 DOE-15 SOE-02 /139 W
----------050103 251730Z /50
R 251138Z APR 78
FM AMEMBASSY ISLAMABAD
TO SECSTATE WASHDC 6875
AMEMBASSY NEW DELHI
INFO AMEMBASSY COLOMBO
AMEMBASSY DACCA
AMEMBASSY KABUL
AMCONSUL KARACHI
AMCONSUL LAHORE
AMEMBASSY LONDON
AMEMBASSY PARIS
AMEMBASSY TEHRAN
CINCPAC

C O N F I D E N T I A L ISLAMABAD 4068

CINCPAC FOR POLAD

E.O. 11652: GDS
TAGS: PEPR, PGOV, ETRD, PK, IN
SUBJECT: PAKISTANI VIEWS ON OUTCOME OF SHAHI VISIT TO DELHI

REF: A) NEW DELHI 6067, B) ISLAMABAD 1387

1. SUMMARY: EMBOFF HAS DISCUSSED RECENT VISIT TO INDIA OF FOREIGN ADVISOR SHAHI WITH A SENIOR FOREIGN MINISTRY OFFICIAL DEALING WITH SOUTH ASIAN AFFAIRS AND FOUND HIS VIEWS PARALLEL TO THOSE EXPRESSED IN DELHI'S EXCELLENT WRAP-UP OF THE VISIT (REF A). MFA OFFICIALS REMAIN DOUBTFUL ABOUT JUST HOW MUCH REAL PROGRESS CAN TAKE PLACE IN INDO-PAK RELATIONS WITHOUT SOME MOVEMENT ON THE
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KASHMIR DISPUTE, DOUBTFUL ABOUT THE VALUE OF A VISIT TO DELHI

GENERAL ZIA, AND CAUTIOUS IN THEIR APPROACH TO PENDING TRADE NEGOTIATIONS WITH INDIA. END SUMMARY.

2. EMBOFF, ON APRIL 25, DISCUSSED FOREIGN AFFAIRS ADVISOR SHAHI'S APRIL 10-14 INDIAN TRIP WITH RAJMUDDIN SHEIKH, MFA DIRECTOR

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GENERAL (SOUTH ASIA). SHEIKH'S COMMENTS ON THE SPECIFIC ISSUES DISCUSSED GENERALLY PARALLELED THOSE CONTAINED REF (A). SOME OF HIS REFLECTIONS, HOWEVER, GIVE A PAKISTANI TWIST TO AN ASSESSMENT OF THE VISIT AND ARE WORTH REPEATING.

3. INDO/PAK RELATIONS - SHEIKH'S REMARKS REFLECTED A LOW-KEY, POSITIVE VIEW OF THE DIRECTION INDO/PAK RELATIONS ARE MOVING, BUT APPREHENSION OVER LONG-TERM INDIAN INTENTIONS, ESPECIALLY IN THE NUCLEAR FIELD. HE REITERATED STANDARD GOP LINE THAT COMPLETE NORMALIZATION DEPENDS UPON SATISFACTORY RESOLUTION OF THE KASHMIR ISSUE. HE WAS AT PAINS TO EXPLAIN THAT THE SALAL DAM AGREEMENT AND THE PLANNED TRADE TALKS ARE NOT NEW INITIATIVES, BUT SHOULD BE VIEWED ONLY AS FOLLOW-THROUGH ON STEPS ALREADY STARTED. HE REPEATED SHAHI'S REFRAIN THAT THE KASHMIR ISSUE MUST BE DISCUSSED AT THE HEAD OF GOVERNMENT LEVEL.

4. ZIA VISIT - REFLECTING THE MORE SOBER ANALYSIS NOW CURRENT IN DELHI AND ISLAMABAD ABOUT A POSSIBLE ZIA VISIT, SHEIKH NOTED THAT FOR THE TRIP TO BE SUCCESSFUL, IT SHOULD POINT TO "SUBSTANTIVE" PROGRESS ON "THE MAJOR ISSUE." OTHERWISE, GOP ATTEMPT TO PORTRAY SUCH A VISIT AS SUCCESSFUL WOULD NOT BE BELIEVED AT HOME. IF "REAL MOVEMENT" COULD NOT BE MADE, SHEIKH OPINED, IT WAS QUITE POSSIBLE A VISIT WOULD BE DETRIMENTAL RATHER THAN HELPFUL.

5. TRADE - SHEIKH CONFIRMED THAT AN INDIAN TRADE DELEGATION WILL CONFIDENTIAL

COME TO PAKISTAN THE FIRST WEEK IN MAY TO NEGOTIATE A NEW TRADE AGREEMENT TO REPLACE THE 1975-78 ONE WHICH HAS EXPIRED. SHEIKH NOTED THAT THE GOP APPROACHES THE NEGOTIATIONS REALIZING THAT THERE ARE TWO LEVELS OF PERCEPTION TO BE CONSIDERED. GOP TALK ABOUT A "BALANCE" OR "NEAR BALANCE" IN TRADE IS FOR "VISUAL EFFECT" ONLY; THE GOP REALIZES THAT IF INDIAN GOODS ARE CHEAPER THAN THE SAME GOODS FROM ELSEWHYKE, IT OFTEN MAKES COMMERCIAL SENSE TO BUY INDIAN, REGARDLESS OF THE TRADE DISPARITY THAT RESULTS. HOWEVER, THE "POLITICAL DIMENSION" MUST BE CONSIDERED, AND IT WOULD HURT THE GOVERNMENT IN DOMESTIC POLITICS IF A LARGE TRADE GAP EXISTED AND WIDENED.

6. SHEIKH CONTENDED THAT THE SECOND CONCERN IN THE NEW NEGOTIATIONS WOULD BE THE PROTECTION OF PAK INDUSTRIES. ALTHOUGH CERTAIN ITEMS MAY BE CHEAPER FROM INDIA BECAUSE OF INDIA'S "ECONOMY OF SCALE," PAKISTAN HAS TO PROTECT ITS HOME MANUFACTURERS. SHEIKH THEREFORE FORESEES THAT THE NEW TRADE AGREEMENT WILL BE MUCH MORE PRECISE THAN THE OLD IN SPECIFYING WHICH ITEMS CAN BE IMPORTED AND WHICH PROSCRIBED SO PAK INDUSTRY IS PROTECTED (REF B).

7. SHEIKH CONFIRMED THAT GOI AGAIN RAISED POSSIBILITY OF

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REOPENING INDIAN CONSULATE IN KARACHI. "THEY MADE THEIR STANDARD REQUEST, AND WE GAVE THEM OUR STANDARD REPLY", I.E. NOT NOW.

8. SHEIKH'S RECITATION OF DISCUSSIONS WITH INDIANS ON NUCLEAR MATTERS, AND THE DPSA ARE IDENTICAL TO THOSE REPORTED REF (A).
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